not exceed the Benchmark Prime Lending Rate (BPLR). Further, Indian Banks' Association has advised commercial banks to charge interest rate of not more than 9% p.a. crop loans upto Rs. 50,000/-.

(b) and (c) NABARD has issued instruction to Regional Rural Banks and Cooperative Banks to review the rates of interest charged by them to bring them on par with rate of interest charged by Commercial Banks. However, Cooperative Banks generally charge a higher rate of interest than Commercial Banks due to high cost of funds, multi-tier structure of Cooperatives, high level of overdues and transaction cost, etc.

Financial crisis in Bihar

169. SHRI SANJAY RAUT: Will the Minister of FINANCE be pleased to state:

(a) whether the Central Government are aware that the State Government of Bihar is facing serious financial crunch and it's economy is under precarious situation;

(b) if so, Government's views and reaction thereto;

(c) whether Government's attention has been drawn to the recent report of World Bank of Bihar's financial status;

(d) if so, the details thereof; and

(e) what are the corrective measures taken or proposed to be taken for the development of Bihar?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) No, Sir. The Central Government is not in receipt of any formal communication from the State Government indicating that the State of Bihar is facing a serious financial crunch. As a matter of fact the State has not been in a position of overdraft either in the year 2004-05 or in 2005-06. The treasury holdings of the State as on 20.7.2005 were of the order of Rs. 2970.08 crores. No request was received from the State for a Ways and Means Advance or for Medium Term Loan.

(c) Yes, Sir.

(d) The World Bank has prepared a note on Public Expenditure Management in Bihar which identified areas of strenghening in Bihar's Public Expenditure Management and covers budgeting, financial management procurement and accountability related issues.

(e) In order to compensate the Bihar Government for the loss of traditional revenue sources subsequent to its partition, the Central Government announced a Special Plan for Bihar for Rs. 1000 crores as a part of RSVY for the development of the priority sectors such as power, irrigation and roads in Bihar. This is in addition to the funds provided to the backward districts in Bihar under the Backward District Initiative (BDI) under Rashtriya Sam Vikas Yojna (RSVY).

Rise in ceilings of bankings assets

170. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government propose to permit foreign banks to raise the ceiling of banking assets from 15 percent to 25 percent and to open more branches incrementally;

(b) if so, the details thereof; and

(c) its likely impact on Public Sector Banks in India?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) For further enhancing the efficiency and stability of the banking sector in India, the Reserve Bank of India has issued road map for presence of foreign banks in India on 28.02.2005 which, *inter-alia,* provides acquisition of share holding in select Indian private sector banks by foreign banks with an overall limit of 74%, more liberal policy for opening of branches in underbanked areas, etc. These guidelines are available on the RBI website *www.rbi.org.in.*

Increase in FDI in various Projects

171. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there has been a consistent and steady increase in Foreign Direct Investment in India;